







**ASEAN Online Business  
Code of Conduct**

The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967. The Member States are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam.

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ASEAN: A Community of Opportunities

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### **Disclaimer:**

*This Code of Conduct provides guidance for online businesses in ASEAN on how to act responsibly and fairly towards consumers. Its application is entirely voluntary.*

## **A Note on Terminology**

An electronic transaction is defined as *“the sale or purchase of goods or services, whether between businesses, households, individuals, governments, and other public or private organisations, conducted over computer-mediated networks. The goods and services are ordered over those networks, but the payment and the ultimate delivery of the good or service may be conducted on or off-line”*. [OECD]

In this publication, “online transactions” or “online commerce” refers to “sales or purchases of goods and/or services via computer-mediated networks between businesses and consumers” (B2C e-commerce). The actors of such trade will further be referred to as “online businesses”. Though concentrating on business-to-consumer e-commerce, this is understood to also cover commercial practices that enable or facilitate consumer-to-consumer transactions. This is in line with current international good practice.

*OECD definition: <https://stats.oecd.org/glossary/detail.asp?ID=758>.*



## BUILDING TRUST IN E-COMMERCE

The ASEAN Work Programme on Electronic Commerce 2017-2025, which sets out to achieve the goals of the ASEAN Digital Integration Framework, reaffirms ASEAN's commitment towards a multi-sectoral approach on e-commerce.



The Work Programme calls for the development of a code of good on-line business practice, based on best practices for self-regulation.

The **ASEAN Online Business Code of Conduct** constitutes a joint endeavour of the ASEAN Committee on Consumer Protection (ACCP) and the ASEAN Coordinating Committee on E-Commerce (ACCEC). Written in plain language, it is a straightforward statement of 15 core commitments towards consumers that can be easily applied and adapted in different country or company contexts. As such, it is particularly directed at smaller and emerging online businesses in the ASEAN region.

This Code of Conduct is in line with ASEAN's High-Level Principles on Consumer Protection. It is not intended as a stand-alone tool, but can be complemented by more comprehensive training and information materials. Where possible, links to specific legal provisions in the ASEAN Member States, either referring to the general consumer protection or specific sectoral laws, could be added.

## WITH CONSUMER INTERESTS AT HEART



### ASEAN High-Level Principles on Consumer Protection

#### **Principle 8 – Consumers in E-commerce are Protected**

This principle calls for ASEAN Member States to conduct regular reviews of existing consumer protection laws and practices to determine amendments or additional subsidiary legislations needed to be implemented to provide effective protection to consumers on electronic commerce. Consumers should be informed about potential security and privacy challenges they may face in e-commerce and m-commerce and the measures which can be used to limit the risks. Specialized dispute resolution mechanisms should be established, including on-line mechanisms, to handle cross-border transactions and provide the consumers with fair outcomes.



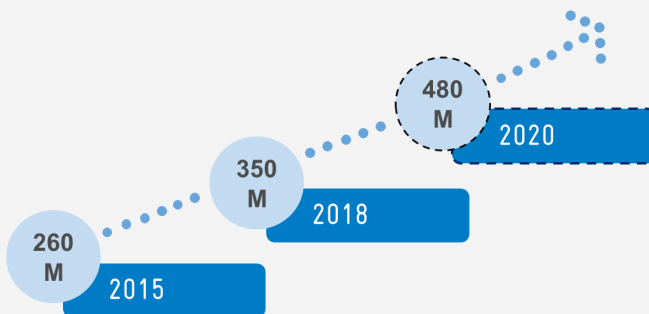
## E-commerce is growing by leaps and bounds

E-commerce has noticeably changed the way businesses operate and interact with consumers. According to a recent [regional study by Google and Temasek](#), there will be approx. 480 million internet users in Southeast Asia by 2020. This trend is largely facilitated by mobile devices and applications.

*There is little doubt – e-commerce is fast becoming a key driver for the economies in Southeast Asia.*

Along with the entry of international players, like Shopee, Amazon or Alibaba, the region has seen the emergence of a number of highly successful locally-based e-commerce platforms, such as Tokopedia in Indonesia. Other online media, travel and ride-sharing companies also experienced considerable growth, often by integrating multiple business streams.

There is an increase of 90 million internet users from 2015 to 2018, and more people are expected to connect to the internet in 2020.



Source: [e-Conomy SEA 2018: Southeast Asia's internet economy hits an inflection point](#) by Google and Temasek



## but can be **risky** for consumers in ASEAN



Although e-commerce makes it easier, cheaper and more convenient for consumers to access goods and services, as well as information, there are also risks. Though similar to those in the traditional bricks-and-mortar market place, they are more pronounced in the digital economy where consumers may encounter:

1

**Greater exposure to fraud**, among others through misleading information or advertisements, pop-up offers on websites, “fake news” etc. The sheer amount of information available online may overwhelm consumers, and they may be unaware of the potential misuse of their data when making electronic transactions.

2

**Challenges to access refunds or redress**, in case they are misled or harmed. This is because online businesses, especially smaller ones and those in developing countries, may not (yet) have put into place proper processes to manage consumer complaints.

3

**Limited guidance on what constitutes responsible online business conduct**, and how to make better-informed choices online. Many countries are only starting to develop policies, laws and regulations to deal with the fast-developing digital economy. All the while, both businesses and consumers may find themselves at a loss and not knowing what is the “right” thing to do.



## Fostering good online business practices in ASEAN

ASEAN Member States have varying administrative structures and resources to address the digital economy; and there is no single consumer protection regime in the region. Regulations to counter common e-commerce risks, such as data mining, are at different stages of development. Similarly, the culture and capacity of the public and private sector to adapt to emerging issues and rapid changes in the market place may not be the same in all countries.

*There is little doubt – consumer trust is critical for businesses if they intend to stay successful in the market.*

As consumer protection and related agencies set out to strengthen legal and enforcement frameworks for consumer protection in e-commerce, parallel efforts are needed to promote voluntary commitments on responsible online business conduct. Digital innovations provide opportunities for businesses to enhance their competitiveness. However, if they engage in unethical practices towards consumers, they can quickly lose both their credibility and customer base.

## and building consumer confidence in e-commerce



Codes of conduct can range from voluntary commitments of individual businesses to industry-wide schemes that may even be backed up and enforceable by legislation. Some are integrated in broader compliance programs of multinational companies, covering a range of topics (e.g. competition, taxation, anti-bribery, insider trading, copyright, workplace safety, diversity/inclusion, sustainability). Others only describe the basic principles and minimum requirements for responsible and fair conduct, for example for members of business associations.

*E-commerce is no longer bound by any country borders – and voluntary business compliance is indispensable to make the digital economy work for consumers.*

In the context of consumer protection, a central commitment relates to systematic, transparent and easily accessible mechanisms for complaints-handling. These allow for consumers to voice complaints or concerns directly with the businesses, without external assistance. Aside from internal complaints mechanisms, reference can be made to other modes of settlement, for example by alternative dispute resolution bodies.



## Confronting challenges of selling online

In many countries, consumer protection and related agencies provide guidance to businesses on how to operate in a responsible, fair and ethical manner. They provide model codes of conduct and other templates (e.g. for terms and conditions) that businesses may use as the basis for developing their own, customized versions.

For e-commerce, specific issues need to be accounted for. This is because online businesses are expected to demonstrate:

- 1 A stronger commitment to data protection**, with digital innovations making it easier to tap in on financial and other personal information, and in larger amounts (“big data”). As consumers run the risk of exploitation, it is important that businesses reassure them that they will deal with data sensibly and responsibly.
- 2 A higher standard for credibility and transparency**, to ensure that consumers have clear and complete information in order to make sound purchasing choices. To comply with their extended information duties, some online businesses opt for separate local platforms where their goods and services are marketed in the local language. Online businesses are also required to refrain from unduly influencing consumer choice, for example by using “pre-determined” checkboxes.
- 3 More efforts to address complex demands on legal compliance** with prevalent policies, laws and regulations in all the countries they operate and market in. A business that stands for integrity will likely be more competitive and favoured by consumers.
- 4 A promise to deliver to consumers**, also when the consumer has been harmed. E-commerce enables consumers to shop from anywhere at any time, but it is not necessarily guaranteed that the seller can be easily contacted when a transaction goes wrong. It is therefore crucial that online business make it known how they can be reached and, if necessary, held accountable by consumers.

## by keeping it simple and straightforward



For online businesses, adhering to a code of conduct is a practical solution for otherwise having to navigate complex, cross-sectoral legislations that may not even be fully developed. Without technical jargon, the focus should be on a set of core commitments, rather than specific legal provisions.

Though not meant to be exhaustive for all situations or practices, a code of conduct can be further explained and expanded by:

- frequently asked questions, or elaborate scenarios;
- decision-making aids;
- checklists of responsibilities, or “dos and don’ts”.

A code of conduct illustrates instances of responsible business conduct – what it means and why it matters. This is useful for external positioning vis-à-vis consumers and competitors, as well as for internal communication and orientation vis-à-vis employees.

## without losing sight of the bigger picture



Ensuring that consumers are well-protected in the digital economy requires efforts in many areas, including:

1

**Better legislation.** There is a need for more active and effective enforcement of existing regulations, related to both, general consumer protection and sector- or technology-specific ones. This should be combined with efforts to close legislative gaps. Anchoring business responsibilities for the digital age in relevant laws and regulations can reinforce compliance and self- or co-regulation.

2

**Continuous cooperation at the national, regional and global levels** between consumer protection and related agencies, as well as across sectors, to ensure consistent approaches towards business associations as well as individual traders. This should comprise easier access to low- or no-cost systems for the quick and fair resolution of consumer complaints, to be installed also by (online) businesses. Basic principles or commitments enshrined in a code of conduct can provide guidance for this.

3

**Broader consumer education,** led by consumer protection agencies, but also engaging sectoral regulators and “consumer champions” from the business community. The latter can be those who are already committed to a code of conduct. They can then act as role models for other businesses as well as illustrate to consumers what responsible, fair and ethical business conduct looks like in practice.

## Selected (Re-)Sources

- “Models for Internal Complaint Systems and External Consumer Redress Schemes”, prepared under the ASEAN-Australia Development Cooperation Program Phase II (2013).
- Online Dispute Resolution (ODR) Platform of the European Commission, Traders’ Section.
- Consumer Portal – Online Shopping of the Federal Ministry for Justice and Consumer Protection, Germany.
- Organization for Economic Co-operation and Development (OECD), specifically the 6 fair business, advertising and marketing practices contained in the “Recommendations for Consumer Protection on e-Commerce” (2016).
- United Nations Conference on Trade and Development (UNCTAD), specifically the 5 principles for good business practices described in the revised “UN Guidelines on Consumer Protection”.







## 15 Commitments for Online Businesses

### Commitment 1

### We treat consumers fairly.



*We do not engage in illegal, fraudulent, unethical or unfair business practices that can harm consumers.*

### We uphold our responsibilities.

### Commitment 2

*We value consumer rights to the same extent as traditional bricks-and-mortar businesses.*



### Commitment 3

### We comply with laws and regulations.



*We respect the policies, laws and regulations in the countries where our goods and services are marketed.*

### We conform to local standards.

### Commitment 4

*We apply the necessary standards and provide accurate information in the local language of the countries where our goods and services are marketed.*



**Commitment 5****We ensure quality and safety.**

*We make no compromises about product and food safety, and do not offer products which have been recalled, banned or prohibited. Similarly, we make sure our services are of high quality. This is considered a shared responsibility along our entire supply chain.*

**We communicate honestly and truthfully.****Commitment 6**

*We provide easily accessible, complete and correct information about our goods and services, and adhere to fair advertising and marketing practices.*

**Commitment 7****We are transparent about our costs.**

*We are open about the prices we charge and do not hide any additional costs (such as customs duties, currency conversion, shipping or delivery).*

**We keep proper records of purchases.****Commitment 8**

*We provide complete records of the goods purchased, and have them delivered in the promised time and described condition.*



**Commitment 9****We offer options for cancellation.**

*We allow consumers to review their transaction before making the final purchase, and to withdraw from a confirmed transaction in appropriate circumstances.*

**We take consumer complaints seriously.****Commitment 10**

*We have a fair and transparent system to address complaints, and provide appropriate compensation, such as refund, repair, replacement, as described in the warranty.*

**Commitment 11****We keep private information private.**

*We actively protect the privacy of consumers, and ask for permission if we collect, use or share personal data.*

**We make sure online payments are safe.****Commitment 12**

*We safeguard sensitive data by choosing the appropriate secure technology and protocols, such as encryption or SSL, and display trust certificates to prove it.*



**Commitment 13****We avoid online spamming.**

*We allow consumers to choose whether they wish to receive or opt out from commercial messages by e-mail or other electronic means.*

**We do not produce fake online reviews.****Commitment 14**

*We do not restrict the ability of consumers to make critical or negative reviews of our goods or services, or spread wrong information about our competitors.*

**Commitment 15****We educate consumers about (online) risks.**

*We help consumers in understanding the risks of online transactions, and provide competent guidance if needed.*

